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ABSTRACT

This publication builds a conceptual framework that categorizes alternative policy instruments for educational reform into actions. It defines four categories of policy instruments and hypothesizes how each will operate in addressing different policy problems in different political and organizational contexts. Subsequent research will assess recent educational reform policies. The conceptual framework includes four generic classes of instruments: (1) mandates, rules governing the action of individuals and agencies, intended to produce compliance; (2) inducements, the transfer of money to individuals or agencies in return for certain actions; (3) capacity-building, the transfer of money for the purpose of investment in material, intellectual, or human resources; and (4) system-changing, the transfer of official authority among individuals and agencies to alter the system by which public goods and services are delivered. The document defines and describes the four classes of policy instruments, identifies the factors that shape the choice of one instrument over another, and outlines a research agenda for testing this analytical framework in the assessment of educational reform policies. Appended are 36 references. (MLF)

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Alternative Policy Instruments

Lorraine M. McDonnell

Richard F. Elmore

November 1987

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THE STATE UNIVERSITY OF NEW JERSEY RUTGERS
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CPRE

CENTER FOR POLICY
RESEARCH IN EDUCATION

JNE-03

Alternative Policy Instruments

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November 1987

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THE STATE UNIVERSITY OF NEW JERSEY
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EDUCATION
RESEARCH

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PREFACE

Over the past few years, states and localities have enacted a variety of reform policies to improve the quality of public education. However, policymakers searching for alternatives to mandates rarely have detailed information on the range of policy instruments available or on the political and organizational conditions needed for each to work as intended. Policy decisions would clearly benefit from more comprehensive information about these instruments. Generating such information, however, requires extensive conceptual and empirical work. The study reported in this Note was undertaken as a first step in that process. It defines four categories of policy instruments and hypothesizes how each will operate in addressing different policy problems in different political and organizational contexts. Subsequent research will assess recent educational reform policies, to refine these categories and empirically test the hypotheses. Although the immediate use of the framework presented here is to analyze state-level education policy, it is likely to apply in a variety of other policy areas as well.

The material presented in this Note originally appeared in *Educational Evaluation and Policy Analysis*, Vol. 9, No. 2, Summer 1987.

SUMMARY

A major challenge for the next generation of policy research will be to apply the lessons of past implementation studies in building a more powerful conceptual framework and in producing more useful information for policymakers. Recent education reforms enacted by state governments to raise student standards and improve teacher quality provide a unique opportunity for addressing that challenge. Most of these policies focus on similar problems and were enacted within a few years of each other.

Past research provides only limited guidance, because it has tended to focus on relatively narrow categorical programs, rather than programs targeted at all students, and has not addressed the core of schooling. Moreover, little effort has been made to specify in any systematic way the relationships among the problems being addressed, the basic design features of policies, the implementing organizations, or the political and organizational context in which policy targets must respond. Past implementation studies have also typically stopped short of analyzing whether a given policy has produced its intended effects.

This Note builds a conceptual framework that categorizes alternative policy instruments, or the mechanisms that translate substantive policy goals (e.g., improved student achievement, higher-quality entering teachers) into actions. The framework includes four generic classes of instruments:

- *Mandates:* rules governing the action of individuals and agencies, intended to produce compliance.
- *Inducements:* the transfer of money to individuals or agencies in return for certain actions.
- *Capacity-building:* the transfer of money for the purpose of investment in material, intellectual, or human resources.
- *System-changing:* the transfer of official authority among individuals and agencies to alter the system by which public goods and services are delivered.

These categories can be made more concrete by applying them to current problems in education, for example, the declining quality of teachers entering the system. In addressing this problem, policymakers might impose competency tests for teacher candidates (a mandate), supplement the starting salaries paid by local school districts (an inducement),

strengthen the state's teacher-training institutions (capacity-building), or ease certification requirements to encourage lateral entry from other occupations (system-changing). All these approaches address the same problem, but they use very different mechanisms.

Our short-term goal in this study is to provide an analytical framework for assessing the effects of a variety of educational reform policies in six states and approximately fifty schools in those states. Our longer-term purpose is to provide an answer to the question, Under what conditions are different instruments most likely to produce their intended effects? To answer this question, we must understand why policymakers choose different instruments; how those instruments operate in the policy arena; and how they differ from one another in their expected effects, the costs and benefits they impose, their basic operating assumptions, and the likely consequences of their use. This Note defines and describes the four classes of policy instruments, identifies the factors that shape the choice of one instrument over another, and outlines a research agenda for testing this analytical framework in the assessment of educational reform policies. Subsequent research will empirically test the hypotheses formulated here, focusing on how the policy instruments actually operate in practice.

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I. INTRODUCTION

Policies work by bringing the resources of government—money, rules, and authority—into the service of political objectives, and using those resources to influence the actions of individuals and institutions. The first generation of policy implementation research focused primarily on whether results were consistent with intentions. The second generation focused on variations in the response of individuals and institutions, and on the conditions of successful implementation. The next generation, we believe, should build on the lessons of the first two by focusing on the instruments common to different policies and on the conditions under which those instruments are most likely to produce their intended effects.

Over the past decade, implementation research has developed as a major strand of policy analysis. Numerous studies with an implementation focus have documented the importance of local context in understanding the variable effects of policy (McLaughlin, 1987). This research tradition has played a significant role in moving institutional analysts beyond an almost sole concentration on policy enactment and in infusing evaluation research with a more sophisticated notion of the process that shapes policy outcomes. Yet implementation research has come under increasing criticism for its lack of parsimonious theory (Ingram, forthcoming), its neglect of longer-term policy effects, and its primary focus on discrete federal programs.

The education reform movement presents a unique opportunity to analyze a large number of different policies (e.g., policies dealing with student course requirements, curriculum content, the training and compensation of teachers, etc.), which have been enacted within a few years of each other, all designed to address similar problems. Past research provides only limited guidance, because it has tended to focus on relatively narrow categorical programs, rather than on programs targeted at all students, and has not addressed the core of schooling. In addition, little effort has been made to specify in any systematic way the relationships among the policy problems being studied, the basic design features of the policies in use or under consideration, the implementing organizations, or the political and organizational context in which policy targets must respond. Past implementation studies have typically stopped short of analyzing whether a given policy has produced its intended effects, focusing instead on the process by which policies are operationalized and the correlates of that process. The question of ultimate effects has been left to evaluation researchers.[1]

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[1]Just as implementation research has neglected the question of ultimate effects, evaluation studies have often ignored the implementation process. Like the proverbial blind

To address these shortcomings, we have created a framework that centers on the notion of alternative policy instruments, or the mechanisms that translate substantive policy goals (e.g., improved student achievement, higher-quality entering teachers) into concrete actions. Our work extends a promising new direction in policy implementation research that conceptualizes such mechanisms as the "technological core" of policy and categorizes them into groups of "implements" (Elmore, 1985; Bardach, 1980). The categories include regulations, rights, grants, loans, and technical assistance. Although we expand on the notion by identifying a broader range of instruments, our basic formulation of two instruments (mandates and inducements) is similar to the approach presented in the economics literature (e.g., Stigler, 1971; McKean, 1980; Gramlich, 1977; Barro, 1978).

We define four generic classes of instruments:

- *Mandates:* rules governing the action of individuals and agencies, intended to produce compliance.
- *Inducements:* the transfer of money to individuals or agencies in return for certain actions.
- *Capacity-building:* the transfer of money for the purpose of investment in material, intellectual, or human resources.
- *System-changing:* the transfer of official authority among individuals and agencies to alter the system by which public goods and services are delivered.

Each of these instruments is discussed in Section III.

Our long-term purpose in pursuing this approach to policy analysis is to provide an answer to the question, Under what conditions are different instruments most likely to produce their intended effects? To do that, we must move the notion of alternative policy instruments beyond a simple taxonomy. We must specify why policymakers choose different instruments; how these instruments actually operate in the policy arena; and how they differ from one another in their expected effects, the costs and benefits they impose, their basic operating assumptions, and the likely consequences of their use.

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men feeling the elephant, each body of research has been able to explain only one aspect of public policy. Focusing on policy instruments is an effective way to integrate these two research traditions.

This Note represents the initial step in that process. Section II provides a rationale for our focus on policy instruments. Section III defines the four classes of policy instruments, while Section IV describes how each characteristically works and with what consequences. Section V identifies the factors that shape the choice of one instrument over another. In conclusion, Section VI outlines a research agenda for testing and elaborating the analytical framework developed here and for using that framework to assess educational reform policies.

II. WHY FOCUS ON POLICY INSTRUMENTS?

Our focus on policy instruments stems from two interests, one conceptual and the other practical. Our conceptual goal is to help forge a next generation of implementation research. In our judgment, the most promising approach is to develop a more parsimonious model of the determinants of implementation outcomes and ultimate policy effects, while still retaining those variables that have produced the greatest explanatory payoff, i.e., those embedded in the local political and organizational context. Policy implementation research now faces a dilemma: The most insightful studies have tended to focus on one aspect of the process, such as organizational context or practitioner response to new programs. This has produced greater sensitivity to the sources of variation in implementation outcomes, but has not provided a complete explanation (and may even have led some analysts and policymakers to assume that implementation outcomes are largely idiosyncratic). On the other hand, most of the empirical and analytical studies that have attempted to be more comprehensive have resulted in long lists of conditions for effective implementation, lacking a clear specification of how independent variables interact with one another (e.g., Mazmanian and Sabatier, 1983).

We propose to move back from specific programs and focus on their underlying mechanisms as a way of generating hypotheses about the links among policy, implementation patterns, and ultimate effects. A conceptual framework focused on policy instruments not only holds the potential for moving beyond static descriptions of the implementation process, it also embeds key variables such as local response patterns in a larger, theoretically richer context.

Although little conceptual or empirical work has yet employed this approach, policy analysts are also beginning to view it as a useful one. Salamon has suggested that a fruitful way to maneuver the field of implementation research out of its current "rut" would be to move its focus from individual programs or groups of programs to "the generic tools of government action, . . . the 'techniques' of social intervention that come to be used, in varying combinations, in particular public programs" (Salamon, 1981). We attempt to do that by analyzing what is meant by the successful application of a given instrument, and by identifying the conditions necessary for different policy instruments to work as intended.

Our more practical concern centers on providing information about the choice of instruments available to policymakers. The imposition of new mandates often seems the most feasible way to deal with problems, because it appears to be a relatively inexpensive mechanism and it presumably sends a clear signal about what policymakers expect from those being regulated. Inducements, e.g., grants-in-aid, are most often used when policy must move through the intergovernmental system or when there is little consensus about the change that is needed (Ingram, 1977). Although they may sometimes use these two instruments together or in combination with other approaches, policymakers rarely have sufficient information about how such strategies can most effectively be integrated or about the range of instruments that are available.

Officials also lack systematic knowledge about the relative effectiveness of alternative instruments for different types of problems; their underlying dynamics, comparative costs, and attendant problems; and how well they fit into the existing policy environment. This is a particularly serious problem in such areas as education, because of the wide range of problems that must be addressed and the many local settings in which policy must operate. Under these conditions, the link between policy and action is not as strong as it might be, and policymakers may turn to mandates by default. One purpose of the present research is to help expand the policy community's range of choice in the instruments it uses to solve different policy problems.

Conceptualizing a range of policy instruments and hypothesizing why policymakers select different instruments can be approached in two ways. The traditional social science approach focuses on the formal properties of different policy instruments, attempting to identify the assumptions underlying each and to assess their relative costs and benefits, often through the use of fairly abstract mathematical models (e.g., Shepsle and Weingast, 1984). This approach usually provides little practical information for the policy community. The political approach, on the other hand, would be to formulate the choice of policy largely in terms of which key constituents would lose or gain with different alternatives, how much each alternative is likely to cost, and who would bear that cost. This approach is more representative of what actually happens in the real world, but it is also more ad hoc and idyosyncratic. Consequently, it contributes little to the building of generalizable models of policy implementation.

However, as Behn (1981) suggests, the two approaches are not dichotomous, but rather represent two ends of the same continuum. At one end lies a set of theoretical constructs; at the other, more instrumental concepts. But they are linked. The politician

does consider what kinds of assumptions or conditions are necessary for different policies to operate effectively, and the analyst typically incorporates some elements of institutional context into his models. Because our analysis of alternative policy instruments is designed both to advance theory and to produce useful information for policymakers, we have attempted to draw on the strengths of both approaches and to negotiate the boundary between what formal constructs tell us can be done and what policymakers actually do. We have identified the formal properties of four types of policy instruments; in the following section, we examine how they typically operate and what political and organizational factors shape policymakers' choices among them.

III. THE RANGE OF POLICY INSTRUMENTS

When legislators or executives make policy, they seldom see themselves deliberately choosing among different ways of accomplishing some purpose. The process is usually one of advocating particular solutions or adjudicating conflicts among political interests. Problems make their way onto the policy agenda by political advocacy. Responses to those problems are dictated by the stock of available solutions, the advocacy of certain solutions, and the resources (money, knowledge, political support, and organizational capacity) available to frame solutions (Kingdon, 1984). Policy analysts have a different (but complementary) perspective from that of the actors in the decisionmaking arena. We are concerned about the *range* of options available for addressing a particular problem, about the underlying theoretical premises of those options, about the "fit" between problems, objectives, and options, and about the special implementation problems associated with certain classes of options. We believe these concerns can be captured within our four categories of instruments, i.e., mandates, inducements, capacity-building, and system-changing. Table 1 lists the expected effects, costs, and benefits of these instruments.

Our categories are constructed from two main sources: (1) existing theories about the effects of governmental action, and (2) observed patterns in the choices of policymakers. Our analysis of mandates, for example, draws on theories of regulation, which address the conditions under which the targets of regulation can be expected to comply, given various levels of enforcement, sanctions, and costs and benefits of compliance. (See, for example, Mitnick, 1980; Stigler, 1971; Bardach and Kagan, 1982.) Our discussion of inducements draws on theories of public finance that deal with intergovernmental transfers. These theories address the conditions under which government agencies can be induced to perform certain actions by conditional grants of funds from other governmental agencies. (See, for example, Gramlich, 1977; Ingram, 1977.) These are areas in which the basic theoretical issues are relatively well-specified; hence the problem is one of mobilizing existing theory around a somewhat different set of questions. For capacity-building and system-changing, it seems that a strong *prima facie* case can be made for distinguishing categories of policy instruments on the basis of observed patterns of policymaking, even though their theoretical basis is less well-developed. Capacity-building, like inducement, involves the conditional transfer of funds from one governmental agency to another, but introduces the additional element of investment in uncertain future benefits. In this sense, capacity-building draws on

Table 1

CHARACTERISTICS OF POLICY INSTRUMENTS

Instrument	Primary Elements	Expected Effects	Costs	Benefits	Examples
Mandates	Rules	Compliance	Initiators: Enforcement Targets: Compliance Avoidance	Specific benefits to individuals Diffuse benefits to society	Environmental regulation Nondiscrimination requirements Speed limits
Inducements	Money (procurement)	Production of value (short-term returns)	Initiators: Production Oversight Displacement Producers: Overhead; Matching; Avoidance	Initiators/producers: Increased budget authority Clients: value received	Grants-in-aid to governments In-kind grants to individuals
Capacity-building	Money (investment)	Enhancement of skill, competence (long-term returns)	Short-term costs to initiating government	Short-term, specific benefits to receiving agency; long-term, diffuse benefits to society	Basic research Preservation
System-changing	Authority	Composition of public delivery system; incentive	Loss of authority by established deliverers	Gain in authority by new deliverers	Vouchers Deinstitutionalization New providers (HMOs, community mental health agencies)

theories of regulation and intergovernmental transfers, but it raises the question of how those mechanisms work in situations where the expected outcomes are distant and ambiguous. System-changing entails transfers of authority, rather than money, with the aim of altering the institutional structure by which policies are implemented.[1] To some degree, system-changing instruments owe their theoretical underpinnings to the critique of public bureaucracy growing out of political economy (Moe, 1984; Tullock, 1985; Niskanen, 1971). But that literature has spoken only indirectly to the problems of policy analysis.

Capacity-building and system-changing appear to be sufficiently different from mandates and inducements, in their composition, expected effects, and implementation problems, to require separate treatment. Mandates and inducements often fail for lack of knowledge, skill, or competence rather than lack of will to comply. Capacity-building avoids this problem because it is based on the notion of investment in future benefits and therefore focuses mainly on longer-term developmental objectives rather than short-term compliance or production. The notion of transfers of authority underlying system-changing addresses the common problem of how to match purposes with existing or potential institutions. Selecting or creating an implementing agency is often as important a choice for policymakers as transferring money or specifying rules, yet it is often not treated by policymakers as a distinguishable problem.

Our categorization of policy instruments addresses several recurring problems that policymakers face and gives them a predictive structure. We believe that this approach will also contribute to policymakers' understanding of the instrumental relationship between objectives and policy choices.

MANDATES

The expected effect of mandates is compliance, or behavior consistent with what the rules prescribe. In their pure form, mandates entail no transfer of money as an inducement. But they require enforcement, and enforcement is costly to the enforcing agency. They also entail the imposition of two types of costs on the objects of enforcement (i.e., individuals and implementing agencies): compliance costs and avoidance costs. Compliance costs are the costs borne by individuals and agencies as a consequence of behaving consistently with mandates; avoidance costs are costs borne as a result of circumventing mandates, bargaining with enforcement agencies about the terms of compliance, or using political influence and

[1] A more extensive treatment of institutional choice issues is contained in Clune (1987).

litigation to change mandates (McKean, 1980). The benefits of mandates sometimes accrue primarily to specific individuals or groups; for example, handicapped or disadvantaged students may benefit from federal- or state-mandated programs in local schools. Often mandates are intended to benefit a broader community or society as a whole, as for example, when polluters are required to install abatement equipment to improve air or water quality.[2]

INDUCEMENTS

Inducements are a form of procurement, in the sense that an agency is empowered to transfer money or authority to an individual or another agency in return for something of value (Bardach, 1980). The expected effect of inducements might be a program addressed to a particular clientele (compensatory education for disadvantaged students, work incentives for welfare mothers), or it might be a tangible project (an interstate highway).

Because inducements are conditional grants of money, they are frequently accompanied by rules (often called regulations) designed to assure that money is used consistently with the policymakers' intent. These rules create oversight costs to implementing agencies in the form of unreimbursed administrative expenses, matching requirements, and avoidance costs to mitigate the effect of undesirable conditions on the transfer of money or authority. The benefits of inducements accrue both to implementing agencies, in the form of increased budget and authority, and to individual beneficiaries, through the value that is produced by the implementing agency. Often, however, the interests of the agencies and the intended beneficiaries are not completely consistent; in such cases, a certain amount of the money transferred through inducements is lost to the production of valued benefits and siphoned off into activities that have value primarily to the implementing agency (Gramlich, 1977).

There are three main differences between mandates and inducements: (1) mandates use coercion to affect performance, while inducements transfer money as a condition of performance; (2) mandates exact compliance as an outcome, while inducements are designed to elicit the production of value; and (3) mandates assume that the required action is something all individuals and agencies should be expected to do, regardless of their differing capacities, while inducements assume that individuals and agencies vary in their ability to produce things of value, and the transfer of money is one way to elicit performance.

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[2]Mandates are often called regulations, or regulatory policy. This terminology is somewhat confusing, because "regulations" are also used to describe the conditions attached to inducements, which are significantly different in their pure form from mandates.

CAPACITY-BUILDING

Like all investments in material or human capital, capacity-building carries with it the expectation of future returns. But these returns are often uncertain, intangible, immeasurable, and distant. Capacity-building sometimes involves intermediate products or services, as in the case of the federal government's investment in science and mathematics curriculum development, which has produced both materials and future capacity to teach, or federal investment in high-energy particle accelerators, which has produced both pork-barrel benefits for local constituencies and future capacity to carry out basic research. In other instances, capacity-building involves only distant returns, such as those entailed in the preservation of wilderness, or unrestricted income support for children (as in childrens' allowances in Canada and European countries).

The costs of capacity-building accrue to the government making the investment and to society in general. The benefits of capacity-building accrue in the short term to the specific individuals and institutions that are its recipients, but the ultimate beneficiaries are future members of society, whose interests cannot be clearly determined in the present. Hence, policymakers use immediate measures as proxies for their longer-term effects. Is the particle accelerator actually built and is it used for basic research? Are adequate numbers of science and mathematics teachers entering the teaching force and are they staying long enough to provide instruction to students? Society's willingness to invest in intangible, immeasurable, and distant benefits may affect its future ability to respond to mandates and inducements. It is difficult, for example, to believe that a policy of inducements designed to improve the quality of science instruction could work in the absence of a generally literate and well-educated teacher force. In this sense, capacity-building may be instrumental to mandates and inducements.

The main difference between capacity-building, on the one hand, and mandates and inducements, on the other, lies in the proximity and tangibility of their effects. Capacity-building has distant and ambiguous effects, whereas mandates and inducements have proximate and tangible effects.

SYSTEM-CHANGING

The expected effect of broadening or narrowing a system is a change in the institutional structure by which public goods and services are delivered, and often a change in the incentives that determine the nature and effects of those goods and services. System-broadening, as a policy instrument, is best exemplified by the situation in whch a constant budget is allocated for a given public service (education or health care, for

example) and some dramatic change is made in the policy governing the provision of that service—allowing private schools to receive general public aid, for example, or nationalizing the provision of health care. The key shift in these new arrangements is in the *authority* to provide a publicly supported or subsidized product or service. In the case of schools, the shift would be from a public quasi-monopoly to a public/private competitive market (system-broadening). In the case of health care, the shift would be from a predominantly private market in which in-kind transfers to individuals serve public purposes to a public monopoly (system-narrowing).

System-changing policies may be based on the expectation that transferring authority will increase efficiency; this was the rationale for the preferential treatment of Health Maintenance Organizations (HMOs) in federal health care policy. Or they may be based on the expectation that transferring authority will alter the distribution of political power. For example, the federal government created local community action agencies in cities during the 1960s War on Poverty to strengthen the political influence of poor and minority citizens against local governments.

System-changing policies may alter the distribution of public funds to providers or consumers of public goods and services, and in this sense they may resemble inducements. But the fundamental property of system-changing policies is the distribution of authority, not money. Changes in the distribution of money follow changes in the distribution of authority under these policies.

System-changing policies may result in the creation of whole new classes of agencies; for example, HMOs arose from a change in federal health care policy, and community mental health centers arose from a change in federal mental health policy. Alternatively, they may result in the dissolution of significant parts of public delivery systems, e.g., the closing of state juvenile detention facilities as a result of deinstitutionalization. These changes may dramatically alter the distribution of money among agencies and individuals without necessarily altering the total amount spent in a given sector or the mandates and inducements under which agencies and individuals operate. System-changing may also be accompanied by changes in mandates and inducements that are designed to enhance their effects.

In summary, then, policymakers face a discrete number of potentially powerful choices when they respond to a policy problem. They can set rules, they can conditionally transfer money, they can invest in future capacity, or they can grant or withdraw authority to individuals and agencies. Each of these options is expected to carry a particular effect—compliance, production, capacity, or authority. And each carries a package of benefits and costs for different actors.

IV. HOW INSTRUMENTS WORK

Different policy instruments are based on different assumptions about problems and solutions. Once specified, these assumptions reveal a good deal about the fit between problem and policy and about the basic conditions for successful implementation (see Table 2).

Table 2

ASSUMPTIONS AND CONSEQUENCES OF POLICY INSTRUMENTS

Instrument	Assumptions	Consequences
Mandates	(1) Action required regardless of capacity; good in its own right (2) Action would not occur with desired frequency or consistency without rule	Coercion required; create uniformity; reduce variation. Policy contains information necessary for compliance; adversarial relations between initiators, targets; minimum standards
Inducements	(1) Valued good would not be produced with desired frequency or consistency in absence of additional money (2) Individuals, agencies vary in capacity to produce; money elicits performance	Capacity exists; money needed to mobilize it; as tolerable range of variation narrows, oversight costs increase; most likely to work when capacity exists
Capacity-building	(1) Knowledge, skill, competence required to produce future value; or (2) Capacity good in its own right or instrumental to other purposes	Capacity does not exist; investment needed to mobilize it; tangible present benefits serve as proxies for future, intangible benefits
System-changing	(1) Existing institutions, existing incentives cannot produce desired results (2) Changing distribution of authority changes what is produced	Institutional factors incite action; provokes defensive response; new institutions raise new problems of mandates, inducements, capacities

MANDATES

Mandates are based on the assumptions that (1) the required action is something all individuals and agencies should be expected to do, regardless of their differing capacities, and (2) the required actions would not occur, or would not occur with the frequency or consistency specified by the policy, in the absence of explicit prescription. Rules, in other words, are introduced to create uniformity of behavior or, at least, to reduce variations in behavior to some tolerable level.

Mandates are typically enacted to deal with problems in which coercion is required to change behavior and the behavior prescribed by policy is judged to be correct in its own right. Occupational health and safety regulations, speed limits, nondiscrimination requirements, compulsory-school-attendance laws, graduation standards, and entry standards for teachers are examples of mandates resulting from government decisions to use coercion as the chief means of creating uniformity or reducing variation in behavior.

Because mandates assume an essentially adversarial relationship between enforcers and the objects of enforcement, they place the major responsibility for assuring compliance on the initiating government. The level of enforcement that government is willing to pay for is the key determinant of the level of compliance it can expect. Since the investment of additional resources in enforcement typically produces diminishing marginal returns in compliance, the implementation of mandates usually consists of trying to achieve the highest level of compliance possible within the resource constraints imposed on the implementing agency. Mandates seldom, if ever, achieve uniform compliance, since the last unit of compliance usually involves prohibitively high enforcement costs (Stigler, 1971; Viscusi and Zeckhauser, 1979). Hence, some individuals or agencies will usually resist compliance or will spend money to avoid compliance because by doing so they can reap positive benefits.

Most mandates set minimum standards for compliance, a practice which, in fact, discourages exceeding those standards. If, for example, the median reading achievement level for high-school seniors in a given state is eighth-grade level, a twelfth-grade reading-achievement graduation standard would create compliance problems for many high school seniors, as well as school districts. The standard would also create enforcement problems for the state education agency. On the other hand, setting the standard at or slightly above the median score allows the state to assert standards, while minimizing its own enforcement problems and the costs it imposes on local districts. This standard, however, contains little incentive for improved performance by low-achieving students and districts.

Even clear standards have a limited ability to significantly change behavior. Reducing the speed limit on interstate highways from 70 miles per hour to 55 miles per hour significantly reduced the median speed of automobiles, highway fatalities, and fuel consumption. It also created large problems of enforcement and noncompliance. The important feature of the speed limit law was that the law itself contained all the information necessary to enable individuals to comply. By contrast, high-school graduation standards based on academic achievement do not contain the information necessary for compliance. Individuals must not only read and understand the standards, they must engage in other activities—teaching and learning—that require skill, motivation, and resources. Thus, graduation standards may fail because individuals and school systems deliberately fail to comply, or more likely, because of some failure of capacity on the part of individuals or schools.

INDUCEMENTS

Inducements are based on the assumptions that (1) in the absence of additional money, one would not expect certain valued things to be produced, or to be produced with the frequency or consistency prescribed by policy, and (2) individuals and agencies vary in their ability to produce things of value, and the transfer of money is one way to elicit performance.

Inducements are used to deal with problems for which the absence of money directed at the appropriate purposes is the key determinant. Policymakers who opt for the use of inducements assume that the capacity exists to produce whatever is required or can be readily acquired if the right monetary incentives are provided. Inducement problems are, at some fundamental level, production or procurement problems; the object of transferring the money is to get individuals and agencies to produce something of value.

Individuals and agencies vary, of course, in their capacity to produce things of value. Food consumption practices of individuals vary, even though limited uses are prescribed for food stamps. School districts vary in their ability to teach English to non-English-speaking students, even though money is transferred in a more or less equitable way to enhance bilingual instruction.

A central issue in the implementation of inducements, then, is how much variation policymakers are willing to tolerate in the production of things of value, and how narrowly they are willing to prescribe how money is to be used and what is to be produced. As the range of tolerable variation narrows and the restrictions on inducements increase, the problems associated with implementation of inducements begin to look more and more like

those associated with mandates. The key difference, as noted above, is that mandates expect compliance without compensation, while inducements use conditional compensation as a lever to elicit the required behavior.

In addition to differences in capacity, individuals and agencies vary in their preferences and priorities. District A may see bilingual education as a major priority; it may have a vocal political constituency that favors bilingual education, and it may invest a large share of its own resources in bilingual education in addition to any inducements it receives from the state or federal government. District B, on the other hand, may regard bilingual education as a distraction from its locally initiated academic excellence program; bilingual education may have no constituency in this district, and state or federal inducements may be used to fund the bare minimum of required activities. Both districts have bilingual programs, yet the inducement has a considerably different effect in each.

Inducements are most likely to be effective when the capacities exist to produce the things that policymakers value and when preferences and priorities support the production of those things. Large variations in capacity or preferences and priorities will produces similar variations in the results produced by inducements. The degree to which the enforcement problems of inducements come to resemble those of mandates depends on the degree of variability in capacities, preferences, and priorities policymakers are willing tolerate.

CAPACITY-BUILDING

Capacity-building is based on the assumptions that (1) in the absence of immediate investment, future material, intellectual, or human benefits will not be realized by society, and (2) these longer-term benefits are either worth having in their own right or are instrumental to other purposes that policymakers regard as important.

Capacity-building responses are usually used to deal with fundamental failures of performance by some set of individuals or institutions. Issues of capacity enter the political agenda when, for example, policymakers realize that the country will lose its competitive edge in high-energy physics if the federal government does not invest large sums of money in a new particle accelerator, or that more than 1 million of the nation's 2.4 million teachers will leave their jobs in the next 6 to 8 years.

The intangible and uncertain results of capacity-building create major problems for policymakers. Investments in basic knowledge—e.g., in social science research, language instruction, or particle physics—are difficult to justify in themselves, because they are made at the expense of other uses of public funds that have more immediate, tangible payoffs. Because capacity-building measures produce results that are intangible and uncertain, there

is a tendency in policy discussions to either emphasize their present utility or discount future benefits. Investments in particle physics research are "really" useful in this view because of their short-term utility for military weapons development, or they are not useful at all because of their dubious value in producing immediate returns. Investments in curriculum development are "really" useful because they produce tangible materials, or they are not useful at all because they fail to produce immediate effects on school curriculum. Capacity-building is seldom, if ever, successful as an inducement, because there are basic contradictions between mobilizing material, intellectual, and human resources for future purposes and the immediate production of value. The tendency to mistake capacity-building for inducement often leads policymakers to confuse the immediate production of results and the creation of capacity for future production. A federal program to produce greater competence in mathematics and science, as a response to competition from abroad, can produce only limited results in the short term because it is calling on the limited capacity of existing elementary and secondary schools to teach mathematics and science. By the time investments in capacity reach maturity in the form of more highly qualified, better trained teachers, policymakers may or may not still be worried about the nation's competitive edge. The only way to assure a short-term response, in other words, is to call upon existing capacity.

SYSTEM-CHANGING

System-changing instruments are based on the assumptions that (1) existing institutions, working under existing incentives, cannot produce results that policymakers want, and (2) altering the distribution of authority among institutions, by broadening or narrowing the type of institutions that participate in the production of things of public value, will significantly change the nature of what is produced or the efficiency with which it is produced.

System-changing responses are generally used to deal with either unresponsiveness on the part of existing institutions to new policies or failures of existing institutions to respond to important changes in their environment. When state hospitals and private psychiatric clinics seemed unable to respond to the growing need for mental health treatment, federal and state policy shifted to funding community-based treatment. When juvenile detention institutions failed to respond to growing demands for less punitive, more rehabilitative care of juvenile offenders, federal and state policymakers moved to reduce or eliminate the authority of detention facilities and transfer that authority to less punitive organizations. When federal policymakers saw increasing problems with containment of

health care costs, they expanded eligibility for subsidized health care to a new set of institutions (HMOs) and introduced strong financial incentives to form such institutions. The perennial issue of education vouchers is an example of an unsuccessful attempt to capitalize on discontent with existing public schools to broaden the array of publicly subsidized providers of education and to alter the relationship between those institutions and their clients.

Granting authority to new institutions or redistributing authority among existing institutions sets the initial conditions for a response to the failure of existing institutions, but it also introduces a new set of problems for policymakers. Existing institutions can blunt or coopt system-broadening policies, as when school practitioners worked to reduce the level of parent influence in an educational voucher experiment in Alum Rock, California (Cohen and Farrar, 1977). System-broadening policies can fail for lack of capacity in the institutions to which authority is transferred, as in the case of deinstitutionalization of the mentally ill, where community residential treatment did not develop fast enough to respond to the outflow of patients from state mental hospitals. Introducing public service providers raises the issues of how closely they should be controlled, whether they should be allowed to choose their own clients, and what performance expectations they should meet. System-changing policies, then, have a tendency to devolve or degrade into incremental modifications of existing institutions and into more traditional mandates and inducements.

V. CHOOSING A POLICY INSTRUMENT

The four generic classes of policy instruments we have defined could all be used to address the same policy goal. Yet policymakers typically choose to rely on one instrument, sometimes supplemented by some combination of instruments. What leads policymakers to select one instrument over another? We hypothesize that the choice is shaped by two factors:

- How a policy problem is defined.
- The resources and constraints policymakers face.[1]

Policymakers define problems within an essentially political context, in which decisions are tempered by a variety of feasibility considerations (May, 1986). We assume that these factors constitute the resources and constraints that enter into policymakers' calculations throughout the process of matching policy problems and instruments. However, for the sake of conceptual clarity, we consider each of the factors separately below.

THE DEFINITION OF A POLICY PROBLEM

The role of problem definition in policy analysis (Wildavsky, 1979; Dery, 1984) and in agenda-setting (Kingdon, 1984) has been analyzed extensively in the literature. In hypothesizing about the role of problem definition in instrument selection, we assume that it functions much the same way there as it does in agenda-setting, and that it consists of several components.

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[1]For the purposes of this discussion, we assume that the initial decision to act on a policy problem has already been made; that the governmental level (federal, state, or local) and decisionmaking institution (e.g., legislature, judiciary) have been decided; and that policy choices are shaped in a system of multiple actors with competing interests. The initial determination about which problems are placed on public agendas and which institutions and individuals actually make decisions is critical in shaping policy outcomes (e.g., see Schattschneider, 1960). For example, having the state legislature select criteria for teacher compensation would probably result in very different policy than that produced if local districts resolved the issue at the collective bargaining table.

Our analysis complements other research on these agenda-setting and institutional-choice concerns by taking the process one step further and examining subsequent decisions about which policy instruments to use. As we indicate below, the choice of a policy instrument is certainly constrained by who does the choosing, but the concept remains relevant, regardless of who the policymaker is.

The first component embodies a basic set of facts that most people can agree upon (e.g., that student test scores have declined, that traffic fatalities have increased). Marshalling such facts to define a policy problem often depends on the existence of relevant indicators—statistics that describe the state of the policy system and provide a benchmark for comparing current conditions with those of earlier times or different places (Kingdon, 1984; MacRae, 1985).

Once a problem has been identified, the search for causes and potential solutions has both analytical and normative aspects. For example, research indicates that achievement is linked to the number and types of courses students take, and indicator data show that students were taking fewer academic courses during the 1970s. But while such research-based information might help define the nature of a problem and its probable causes, it is not the only source.

Policymakers hold values about the preferred state of the social system and which mechanisms should be used to achieve that state. This more normative dimension generates two types of policymaker judgments: causal statements about assumed relationships among key components of the policy system, and intentional beliefs about how the system *ought* to work. Some policymakers who observe declining test scores may attribute them primarily to incompetent teachers, while others may assume that they are due to "watered-down" texts, lazy students, or unconscientious parents. These differences stem from differing causal theories about how social systems actually operate.

The intentional-beliefs aspect is analogous to MacRae and Wilde's notion that a social problem can be defined as the contrast between an observed state of affairs and a valued expectation (1979). For example, concern about declining test scores contains the implicit expectation that students of a given age ought to perform at a particular achievement level.

This intentional component also manifests itself in the relationship between policymakers' definition of the desired level of changed behavior and the instruments they choose. For example, we would expect that policymakers who perceive a policy problem as the need to move behavior *beyond* an expected minimum will be more likely to choose inducements. If they view the purpose as moving behavior *to* a specified minimum, they will be more likely to select a mandate approach.

Intentional preferences manifest themselves not only in judgments about the way a particular policy system ought to look, but also in how that desired state might be best achieved. This category includes those values typically associated with policymaker

ideology or political philosophy—for example, whether market mechanisms are preferable to nonmarket ones, or what governmental levels should perform particular functions. Regardless of what indicator data may suggest about a particular policy problem, policymakers prefer policy instruments consistent with their own values. So, for example, those believing in a strong governmental role are likely to look to mandates; those who believe in the preeminence of market mechanisms are likely to prefer inducements or system-changing instruments.[2]

The notion of policy problem definition, then, includes both analytical and normative components. With mechanisms such as indicator systems, policymakers process information about the scope and nature of a problem. Analytical sources can also help them in identifying the probable causes of various problems by providing data about relationships among key factors in a given policy system. However, policymakers also interpret this information using their own preexisting values about how the system actually works and how it ought to work. This is the normative component of problem definition with both its causal and its intentional aspects. We make these distinctions within the more general concept of problem definition because we believe that these factors may have independent effects on the choice of policy instruments.

RESOURCES AND CONSTRAINTS

The way a policymaker defines a problem may, in many cases, indicate a clear choice of instrument. However, few policymakers act alone or without constraints that limit their range of choice. Consequently, the selection of a policy instrument depends on a policymaker's constraints and the resources available either to diminish the force of those constraints or to enhance the effectiveness of a given instrument. Resources and constraints thus determine what is feasible, given the way the policymaker defines a policy problem.

Resources and constraints are rarely mutually exclusive—most are mirror opposites of each other. For example, money and information are resources, the lack of which may constitute a constraint. Resources are also not completely exogenous to the individual policymaker. A skillful politician may create resources to further his policy agenda where they did not previously exist. Conversely, less skilled policymakers may create constraints where none existed, or may deplete available resources too hastily. We believe that six types of resources and constraints are particularly significant in the choice of a policy instrument: institutional context, governmental capacity, fiscal resources, political support or opposition, information, and past policy choices.

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[2]As we shall show, however, the resources and constraints inherent in the political system often modify these initial preferences.

Institutional Context

Institutional context is a multidimensional factor, which includes a set of enduring characteristics: the allocation of formal and informal authority among policy actors, and the structure and function of existing agencies. These characteristics persist regardless of which individuals occupy a particular office or role position. We assume that state policymakers in states where the political culture supports strong local control norms are less likely to enact mandates than those in states where the notion of strong central government is widely accepted. Similarly, the structure and function of state agencies may strongly determine which instruments are chosen. We know, for example, that state education agencies whose primary function has been the enforcement of federal mandates experience great difficulty in implementing capacity-building policies. They generally lack the appropriate personnel, and their organizational structure must be radically changed (McDonnell and McLaughlin, 1980).

Institutional context is manifested not only in the implementation of a policy, but also in its enactment. The choice of policy instrument may be shaped by which branch of government initiates the policy or which legislative committee has jurisdiction over it (Shepsle and Weingast, 1984).

Institutional context usually acts as a constraint on policymakers, particularly if they are considering a major departure from past practice. They may lack sufficient authority because they share authority with other actors at their governmental level or across levels in the intergovernmental system. Or they may find that the transaction costs for existing bureaucracies to adapt to new roles and responsibilities are prohibitive. Hence, institutional context often strongly biases the choice of policy instruments toward the status quo.

Governmental Capacity

Governmental capacity defines both the ability of the initiating level to implement a policy and the ability of the target to meet the policy's requirements. It includes the numbers and types of personnel available, their level of expertise, and the relevance of the governmental agency to the demands of a particular policy instrument. Instruments require varying levels of capacity, with mandates demanding the greatest amount, and capacity-building (by definition), the least. Research on regulatory policy has typically portrayed the likelihood of compliance as being based on a calculation that weighs the costs of compliance and noncompliance (i.e., the severity of sanctions and the likelihood of enforcement). This assumes that targets have the ability to comply if they decide the costs of noncompliance are

sufficiently high. Yet an equally important factor in determining compliance may be the capacity of implementing agencies and the ability of the target of the mandate to meet its requirements.

Capacity level is one dimension; another is the distribution of that capacity across targets. One critical characteristic of the intergovernmental system is variability across state and local settings. Differences in personnel resources and skill levels often preclude the use of mandates because they assume a near-uniform response. Variability in capacity levels may instead lead policymakers to the other three types of instruments, because those instruments permit greater latitude in the response of targets.

Fiscal Resources

Organizational and fiscal slack appears to be a necessary (though not sufficient) condition for policy innovation (Cyert and March, 1963; Nelson, 1978). Organizations and governmental agencies that have more resources than they need to perform required functions can devote the excess to experimenting with new approaches.

Without the existence of slack resources, the opportunity costs of enacting new policies become a major constraint on policymakers' options. If, for some reason, additional funds are available, the choice of policy instruments can be made on other grounds. But if the alternatives are either to trade off resources with other policies or to raise revenues through increased taxation, policymakers are likely to look to those instruments that appear to cost less.

We assume that mandates impose the least cost on those initiating a policy, because most of the burden (and hence the cost) of compliance is likely to be borne by the policy target. System-changing instruments also appear to cost less than the other two instruments. Most system-changing policies now in place in education either have only limited participation (e.g., alternative routes to teacher certification) or reallocate existing expenditures from one target to another (e.g., allowing high school students to attend postsecondary institutions removes state aid from one educational level and gives it to another).

When used to address the same policy problem as a mandate or system-changing instrument, inducements and capacity-building instruments are likely to impose a higher cost, on average, on those initiating the policy. However, policymakers faced with other constraints such as the nature of the institutional context or limited political support may decide an inducement is the only viable instrument, despite limited fiscal resources. The proliferation of small categorical programs within the federal government during the 1960s

and 1970s typifies this situation. Finding it necessary to respond to growing demands from various interest groups and lacking sufficient authority to impose new mandates, Congress used limited federal resources to create a variety of small-grant inducement programs. Much of these programs' ineffectiveness can be attributed to their inadequate funding and to the lack of realization that serious inefficiencies may result from failure to consider requisite fiscal resource levels when choosing a policy instrument.

Political Support and Opposition

Policymakers can seldom act autonomously; they need to anticipate other actors' preferences in order to build the political coalition necessary for selection of their favored instruments. Other policymakers, organized interests, and constituents may have *a priori* preferences for certain instruments over others; these preferences also constitute a potential resource or constraint. In addition, policymakers have the potential to manipulate elite and public opinion in favor of their choice. They can use the size of their electoral plurality as a mechanism for commanding policy support. They may also be able to argue that their preferred instrument is consistent with the political ideology of various actors, or that benefits such as visibility or future electoral support will accrue as a result of supporting a particular instrument.

Conversely, the strength of opposing interests is a constraint—particularly if those interests are well-organized, have an alternative definition of the policy problem, and prefer a different instrument. In the face of strong opposition, a policymaker may find that an inducement (such as a small-grant program) may be the only option for addressing a policy problem as he has defined it. The alternative would be to do nothing or to accept the opposition's approach.

Inducements generally require the lowest level of political support. Mandates usually require higher support levels because the burden they impose on targets is perceived as widespread and fairly uniform. (Inducements, on the other hand, can take the form of pork-barrel legislation, where perceived costs and benefits can be differentiated according to local preferences and then traded off against each other.) Capacity-building instruments tend to be visible only to direct participants and hence do not provide a broad enough base on which to build a strong political coalition. System-changing instruments are often controversial because they represent a radical departure from current policy, and they focus the political debate on deeply held beliefs about the utility of market mechanisms. Consequently, they require very strong political support.

Information

We hypothesize that three types of information are likely to shape the choice of policy instruments:

- *Political intelligence:* Information on what is preferred by other policymakers, organized interests, and constituents.
- *Strategic information:* Information about the target, its capacity to implement, and its probable response to various instruments.
- *Analytical information:* Information about the technical requirements of various instruments and which ones are likely to work under different conditions.

Clearly, the match between policy problem and instrument is best when all three types of information (particularly the latter two) are available and reliable. The availability of such information is especially important for policy areas such as education, in which control is fragmented among many policy actors and governmental levels (Weiss and Gruber, 1984). Weiss and Gruber imply that it may be important for a policymaker to focus his efforts on obtaining information about the likely response of targets to mandates, but with inducements, targets may have a greater incentive to produce useful knowledge about their own competence (1984). Schultze (1977) makes a similar point, arguing that inducements lessen the need for the most difficult-to-collect information (i.e., information about individual production functions and demand curves) and substitute the more efficient information-processing and feedback mechanism of the market.

Although the information needed for inducement strategies may be easier to obtain, the costs of not having that information are still high. As Bardach notes, the lack of adequate information about the effects of inducements often results in inefficient reward schedules that generate incentives which turn out "to be too weak or too strong, or just plain perverse" (1980). Analytical information about the effects of inducements is limited because most research in this area has focused on either intergovernmental grants (see Gramlich, 1977) or tax policy (see Bosworth, 1984). However, when the intended effect of an inducement is to motivate actions other than changes in economic behavior (e.g., better teaching), much less is known about which inducements are most effective or how they should be combined with other policy instruments. In many policy areas, we also lack the ability to measure performance reliably or to connect rewards to performance. For example, research to identify the elements of a fair and accurate evaluation system for awarding teacher-directed inducements is still in its early stages (Wise et al., 1984).

There are similar gaps in information about capacity-building and system-changing instruments. This may be one reason why policymakers turn to mandates so frequently. Although the costs of obtaining adequate information on mandates is high, the underlying theory and technology are available. The risks involved with choosing the other policy instruments may therefore be significantly higher, at least on the informational dimension.

Past Policy Choices

The cumulative effects of past policy choices shape the selection of policy instruments in several ways. First, past policies may significantly influence what the public wants from government and how it expects its goals to be accomplished. These expectations, in turn, affect the standards by which a policymaker's performance is judged by the electorate, and the range of acceptable alternatives available. For example, if past administrations have relied on inducements to accomplish their goals in a particular policy area, it may be very difficult for subsequent administrations to use a different instrument, even if their definition of the policy problem would lead them to do so.[3]

Second, the cumulative effects of past policies may circumscribe the use of fiscal resources. The budgetary commitments made by past administrations can seriously limit the alternatives available to their successors. Therefore, policymakers confronted with a serious problem may turn to instruments that impose less cost at the initiating level and more on policy targets.

The budgetary effect of past policies is especially significant, since it works as a secular constraint, independent of any particular policymaker or administration. In fact, it may be that this type of constraint will increasingly lead policymakers to consider system-changing instruments that reallocate existing resources and authority, without necessarily requiring additional amounts.

The resources and constraints we have identified are not always mutually exclusive. Their relative significance in the choice of a given instrument may also vary considerably from one context to another. As a first step, however, resources and constraints can be conceptualized as those factors that modify policymakers' initial preferences for certain policy instruments, based on their feasibility in an essentially political world.

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[3]Past policies not only constrain the choice of instruments, they can also limit the impact of an instrument. When policymakers decide to use a particular instrument, it is added to those already operating in a policy area. Consequently, the marginal effect of the new instrument depends on how it interacts with existing instruments. Only in very rare cases is any single policy or instrument so comprehensive that it can completely negate the effects of past policies.

VI. CONCLUSIONS AND A FUTURE RESEARCH AGENDA

A major challenge for the next generation of policy research will be to apply the lessons of past implementation studies in building a more powerful conceptual framework, and at the same time producing more useful information for policymakers. We view the instruments through which substantive goals are translated into action as lying at the core of any policy, and we believe that our four classes of policy instruments capture the major dimensions along which such mechanisms differ—the instrumentality motivating policy action (rules, money, and authority), expected effects, primary costs and benefits, and the time frame for accomplishing policy objectives.

This study of alternative policy instruments was undertaken as a result of our interest in reform policies that states and localities have enacted over the past few years to improve the quality of public education. Our observation of policymakers' search for alternatives to mandates led us to believe that a conceptual exercise defining the range of policy instruments and examining the political and organizational conditions needed for each to work as intended could also generate practical applications. In this sense, our approach to the next generation of policy research is aimed at producing useful information about a broader range of policy instruments.

This Note is only a first step toward that goal. The next step will be the empirical classification of a diverse set of policies, operating in different institutional contexts, according to our four instrument types. We want to make certain that the policy instruments we have defined actually exist in that form in the policy arena. For example, is there a set of policies that fit our definition of mandates and have more in common with each other than with other policies that could be classified as inducements, capacity-building, or system-changing instruments? One empirical test of our framework will be the degree to which the variation across classes of instruments is greater than the variation within any one type.

Our initial approach to this research will be a multiyear examination of state-initiated education reforms in six states. Working in the same time frame and addressing similar problems, states have emphasized very different instruments and have used them in a variety of combinations. Consequently, we have a unique opportunity to explore the concept of alternative policy instruments. If this initial research is productive, it may be possible to apply the same framework to the analysis of other education policies, as well as policies in other areas.

A number of other questions will be addressed as part of the research on state education reforms, including the following:

- What factors are most significant in shaping policymakers' choice of instruments?
- Are certain instruments typically used by different policy actors (e.g., legislatures, state boards of education) or for different types of implementing agencies (e.g., state bureaucracies, local school sites)?
- Are different leadership strategies used to advance different policy instruments?
- Do different policy instruments interact with policy targets (e.g., school districts, teachers, students) in the ways we have hypothesized?
- Is the organizational and political context in which policies are implemented more important in explaining implementation patterns and policy effects for some instruments than for others?

Another component of the empirical research will be an attempt to develop finer distinctions within and across categories of instruments based on how they actually operate. For purposes of conceptualization, we defined distinctly different classes of instruments. However, we know that in selecting from a menu of options, policymakers often choose a combination of strategies to achieve a particular goal. We hypothesize that policymakers will select a dominant policy instrument for any given policy problem, but they may then use others to supplement or follow the primary one. For example, a voucher scheme transfers the authority to receive public funds for providing educational services to different institutions, but it is also accompanied by financial inducements to motivate private institutions to participate. Similarly, a career ladder is essentially an inducement to encourage better performance from teachers, but it might be supplemented by capacity-building policies, for example, to train principals to evaluate teachers more effectively. This line of research will not only identify the different ways that instruments can be used in combination with one another, but also which factors influence whether such combinations occur in practice.[1]

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[1]The analysis of policy instruments used in combination as part of an overall policy strategy is particularly appropriate for examining state education reform. In several states (e.g., Georgia and South Carolina), state policymakers see themselves as working to improve the entire educational system with an array of different instruments. However, in states that have taken a more incremental approach to education reform (e.g., Arizona and Pennsylvania), policymakers have directed their attention to only one aspect of the system at

Despite the number of unanswered questions and the size of the future research agenda, we feel that focusing on policy instruments is a productive approach. Because it seeks to develop a predictive framework that links the major components of the policy stream, it holds the potential for producing a theoretically richer generation of policy research. In essence, this approach asks, Does the notion of policy instruments, as we have defined it, help explain why policies take the form they do, and does it help predict their ultimate effects?

However, there is another, equally important set of questions that must be addressed if we are to provide useful information to policymakers. These questions concern whether the notion of policy instruments provides policymakers with additional insights about the range of alternatives available to them and whether it helps them to understand the links among policy, practice, and effects. In some sense, these latter questions require only that a framework function well as a descriptive device without being strongly predictive. Yet the ability to provide the policy community with new insights, beyond those gained from other theories or analytical frameworks, may be the strongest test of whether the policy-instruments framework we have developed constitutes a valid depiction of public policy and its effects.

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a time and have typically used one instrument at a time. An analytical framework that allows for the analysis of policy instruments singly and in combination can capture both of these approaches to education reform.

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